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**ANNUAL AUDITED REPORT  
 FORM X-17A-5  
 PART III**

SEC FILE NUMBER  
 8- 53112

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
 Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/05 AND ENDING 12/31/05  
 MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: RMJB, Inc.

OFFICIAL USE ONLY

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

FIRM I.D. NO.

8500 Normandale Lake Boulevard, Suite 1950

(No. and Street)

Bloomington

Minnesota

55437

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Troy J. Mertens

(952) 844-0995

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Boulay, Heutmaker, Zibell & Co. P.L.L.P.

(Name - if individual, state last, first, middle name)

7500 Flying Cloud Drive, Suite 800 Minneapolis Minnesota

Minnesota

55344

(Address)

(City)

(State)

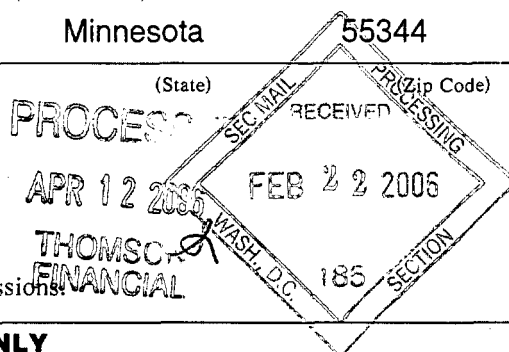
(Zip Code)

CHECK ONE:

☒ Certified Public Accountant

☐ Public Accountant

☐ Accountant not resident in United States or any of its possessions



**FOR OFFICIAL USE ONLY**

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

*Handwritten signature/initials*

SEC 1410 (06-02)

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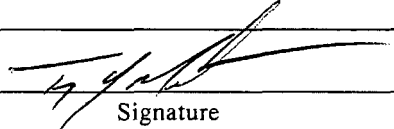
## OATH OR AFFIRMATION

I, Troy J. Mertens, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of RMJB, Inc., as of December 31, 2005, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

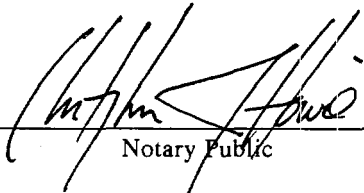
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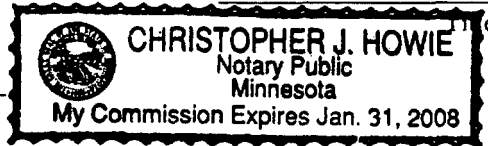
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Signature

Chief Financial Officer

  
Notary Public



This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☒ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☒ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).**



**Boulay, Heutmaker, Zibell & Co. P.L.L.P.**  
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Member of the International Group of  
Accounting Firms with Offices in Principal Cities



January 18, 2006

Board of Directors  
RMJB, Inc.  
Minneapolis, Minnesota

In planning and performing our audit of the financial statements and supplemental schedule of RMJB, Inc. (the Company), for the year ended December 31, 2005, we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control.

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company, including tests of compliance with such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g), in making the periodic computations of aggregate indebtedness and net capital under rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons
2. Recordation of differences required by rule 17a-13
3. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control or the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving internal control that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2005, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, National Association of Securities Dealer Regulations, and other regulatory agencies that rely on rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in dark ink, appearing to read "Barclay H. Hutter, Jr.", followed by the letters "SC" and "PLP" in a stylized, cursive script.

Certified Public Accountants

Minneapolis, Minnesota  
January 18, 2006

**RMJB, INC.**

**Minneapolis, Minnesota**

**Financial Statements**

**December 31, 2005 and 2004**



**RMJB, INC.**

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**Boulay, Heutmaker, Zibell & Co. P.L.L.P.**  
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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and  
Stockholders of RMJB, Inc.  
Minneapolis, Minnesota

We have audited the accompanying statement of financial condition of RMJB, Inc. as of December 31, 2005 and 2004 and the related statements of operations, changes in stockholders' equity, and cash flows for the years then ended that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of RMJB, Inc. as of December 31, 2005 and 2004 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedule I is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Boulay, Heutmaker, Zibell & Co. P.L.L.P.*

Certified Public Accountants

Minneapolis, Minnesota  
January 18, 2006

**RMJB, INC.**

## Statement of Financial Condition

December 31, 2005 and 2004

|   | <b>ASSETS</b> | <b>2005</b>            | <b>2004</b>            |
|---|---------------|------------------------|------------------------|
| <b>Current Assets</b>   |               |                        |                        |
| Cash  |               | \$12,377               | \$ 9,329               |
| Commissions receivable  |               | <u>4,359</u>           | <u>3,819</u>           |
| <b>Total assets</b>   |               | <u><b>\$16,736</b></u> | <u><b>\$13,148</b></u> |
| <br><b><u>LIABILITIES AND EQUITY</u></b>  |               |                        |                        |
| <b>Current Liabilities</b>  |               |                        |                        |
| Related party payables  |               | \$ 3,596               | \$ 4,347               |
| <b>Stockholders' Equity</b>   |               |                        |                        |
| Common stock, \$.01 par, 1,000,000 shares authorized,<br>200 shares outstanding |               | 2                      | 2                      |
| Additional paid in capital  |               | 54,998                 | 49,998                 |
| Accumulated deficit   |               | <u>(41,860)</u>        | <u>(41,199)</u>        |
| Total stockholders' equity  |               | <u><b>13,140</b></u>   | <u><b>8,801</b></u>    |
| <b>Total liabilities and stockholders' equity</b>                               |               | <u><b>\$16,736</b></u> | <u><b>\$13,148</b></u> |

Notes to Financial Statements are an integral part of this Statement.





**RMJB, INC.****Statement of Operations****Years Ended December 31, 2005 and 2004**

|                            | <u>2005</u>            | <u>2004</u>              |
|----------------------------|------------------------|--------------------------|
| <b>Commission Revenue</b>  | <b>\$ 27,028</b>       | <b>\$ 21,213</b>         |
| <b>Expenses</b>            |                        |                          |
| Commissions                | 7,015                  | 10,466                   |
| Professional fees          | 6,700                  | 6,500                    |
| Licenses                   | 3,154                  | 2,699                    |
| Office expense             | 3,000                  | 3,000                    |
| General and administrative | 6,000                  | 6,000                    |
| Miscellaneous              | 1,820                  | 1,943                    |
| Total expenses             | <u>27,689</u>          | <u>30,608</u>            |
| <b>Net Loss</b>            | <b><u>\$ (661)</u></b> | <b><u>\$ (9,395)</u></b> |

Notes to Financial Statements are an integral part of this Statement.



# RMJB, INC.

## Statement of Changes in Stockholders' Equity

Years Ended December 31, 2005 and 2004

|                                     | <u>Common Stock</u> |            | Additional         | Accumulated       |
|-------------------------------------|---------------------|------------|--------------------|-------------------|
|                                     | Shares              | Amount     | Paid In<br>Capital | Deficit           |
| <b>Balances – December 31, 2003</b> | 200                 | \$2        | \$39,998           | (\$31,804)        |
| Capital contributions               |                     |            | 10,000             |                   |
| Net loss                            | —                   | —          | —                  | <u>(9,395)</u>    |
| <b>Balances – December 31, 2004</b> | 200                 | 2          | 49,998             | (41,199)          |
| Capital contributions               |                     |            | 5,000              |                   |
| Net loss                            | —                   | —          | —                  | <u>(661)</u>      |
| <b>Balances – December 31, 2005</b> | <u>200</u>          | <u>\$2</u> | <u>\$54,998</u>    | <u>(\$41,860)</u> |

Notes to Financial Statements are an integral part of this Statement.



**RMJB, INC.****Statement of Cash Flows**

Years Ended December 31, 2005 and 2004

|   | <u>2005</u>                    | <u>2004</u>                   |
|---|--------------------------------|-------------------------------|
| <b>Cash Flows From Operating Activities</b>                           |                                |                               |
| Net loss  | \$ (661)                       | \$ (9,395)                    |
| Adjustments to reconcile net loss to net cash<br>used for operations: |                                |                               |
| Change in assets and liabilities                                      |                                |                               |
| Commissions receivable  | (540)                          | 16                            |
| Related party payables  | (751)                          | (8)                           |
| Net cash used for operating activities                                | <u>(1,952)</u>                 | <u>(9,387)</u>                |
| <b>Cash Flows From Financing Activities</b>                           |                                |                               |
| Proceeds from capital contributions                                   | <u>5,000</u>                   | <u>10,000</u>                 |
| <b>Net Increase in Cash</b>   | <b>3,048</b>                   | <b>613</b>                    |
| <b>Cash - Beginning of Year</b>                                       | <u><b>9,329</b></u>            | <u><b>8,716</b></u>           |
| <b>Cash - End of Year</b>   | <u><u><b>\$ 12,377</b></u></u> | <u><u><b>\$ 9,329</b></u></u> |

Notes to Financial Statements are an integral part of this Statement.



# RMJB, INC.

## Notes to Financial Statements

December 31, 2005 and 2004

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Nature of Business

RMJB, Inc. (the Company) is a licensed broker-dealer under the jurisdiction of the National Association of Securities Dealers, Inc. The Company's major source of income is commissions earned from the sale of annuity contracts. Revenue is recognized when the respective annuity companies approve the submitted contract.

#### Accounting Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

#### Cash

The Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

The Company maintains its accounts primarily at one financial institution. At times throughout the year, the Company's cash balances may exceed amounts insured by the Federal Deposit Insurance Corporation.

#### Income Taxes

The Corporation, with the consent of its shareholders, elected under the Internal Revenue Code and comparable state laws, to become an S corporation. Since shareholders of an S corporation are taxed on their proportionate share of the Corporation's taxable income, an S corporation is generally not subject to either Federal or state income taxes at the corporate level. Therefore, no provision or liability for Federal or state income taxes has been included in these financial statements.



# **RMJB, INC.**

## **Notes to Financial Statements**

**December 31, 2005 and 2004**

### **2. RELATED PARTY TRANSACTIONS**

The Company has an expense and facilities sharing agreement with a related company. Under the agreement, the related company provides office space, equipment and administrative support. During the year ended December 31, 2005 and 2004, the Company expensed \$9,750 and \$9,750, respectively, related to this agreement. At December 31, 2005 and 2004, the Company has accounts payable to the related company of \$2,507 and \$2,438, respectively.

During the years ended December 31, 2005 and 2004, all of the Company's commissions expense was to a stockholder. At December 31, 2005 and 2004, the Company has recorded accounts payable to the stockholder of \$1,090 and \$1,910, respectively, for sales of insurance contracts during the fourth quarter.

### **3. NET CAPITAL REQUIREMENTS**

The Company is subject to the Uniform Net Capital Rule (Rule 15c3-1) of the Securities Exchange Act of 1934. This Rule provides that aggregate indebtedness, as defined, may not exceed 15 times net capital, as defined. Alternatively, the Company's net capital may not be less than \$5,000 or 6-2/3% of total aggregate indebtedness. As of December 31, 2005 and 2004, the Company had net capital of \$13,140 and \$8,801, respectively, which exceeded the requirement by \$8,140 and \$3,801, respectively. Its ratio of aggregate indebtedness to net capital was .2737 to 1 and .4939 to 1 at December 31, 2005 and 2004, respectively.

### **4. CONCENTRATIONS**

Approximately 63.7% of the Company's commission revenue was from three insurance companies during the year ended December 31, 2005. Approximately 65.3% of the Company's commission revenue was from two insurance companies during the year ended December 31, 2004.



RMJB, INC.

Schedule I

Computation of Ratio of Aggregate Indebtedness to  
Adjusted Net Capital (Rule 15c3-1)

December 31, 2005 and 2004

|   | <u>2005</u>      | <u>2004</u>     |
|---|------------------|-----------------|
| Total assets  | \$ 16,736        | \$ 13,148       |
| Less – aggregate indebtedness                           | <u>(3,596)</u>   | <u>(4,347)</u>  |
| Adjusted Capital  | <u>\$ 13,140</u> | <u>\$ 8,801</u> |
| Ratio of Aggregate Indebtedness to Adjusted Net Capital | <u>.2737:1</u>   | <u>.4939:1</u>  |

No reconciliations deemed necessary since no material differences were noted in the computation of net capital.

